LUXXFOLIO HOLDINGS INC.

Interim MD&A – Quarterly Highlights
For the three and nine months ended May 31, 2022 and 2021

Dated: August 2, 2022

This Interim MD&A – Quarterly Highlights ("Interim MD&A") of the financial condition and results of operation of Luxxfolio Holdings Inc. (the "Company") is for the three and nine months ended May 31, 2022 and 2021. This interim MD&A is dated August 2, 2022 and should be read in conjunction with the Company's interim condensed consolidated financial statements and the accompanying notes for the three and nine months ended May 31, 2022 and 2021, which are available on SEDAR at www.sedar.com. Together with the interim condensed consolidated financial statements and the related notes, this Interim MD&A has been prepared by the management of the Company in accordance with the requirements of National Instrument 51-102 and the International Financial Reporting Standards ("IFRS") as at the date of this Interim MD&A. All dollar amounts are expressed in US dollars ("USD") unless otherwise stated.

Unless otherwise indicated, the Company's significant accounting policies and estimates, contractual obligations, commitments, contingencies, and business risks and uncertainties, as described in its audited consolidated financial statements for the year ended August 31, 2021 and 2020, remain unchanged. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results presented in the Interim MD&A are not necessarily indicative of the results that may be expected for any future period.

FORWARD-LOOKING STATEMENTS

This Interim MD&A contains certain "forward-looking statements" and "forward looking information" (collectively, "forward looking information") within the meaning of Canadian securities laws. This forward-looking information relates to future events or future performance and reflect management's expectations regarding Company's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target" or the negative of these terms or other comparable terminology.

Forward-looking information in this Interim MD&A includes, but is not limited to:

- Raising capital, and the use of funds;
- Business opportunities for the Company; and
- Future sales and cash flows of the Company.

The risk factors described in this Interim MD&A are not necessarily all the important factors that could cause actual results to differ materially from those expressed in the Company's forward-looking information.

In addition, any forward-looking information represents the Company's estimates only as of the date of this Interim MD&A and should not be relied upon as representing the Company's estimates as of any subsequent date. The material factors and assumptions that were applied in making the forward-looking information in this Interim MD&A include: (a) execution of the Company's existing business plans and growth strategy which may change due to changes in the market place, the views of management, or if new information arises which makes it prudent to change such business plans and growth strategy; and (b) the accuracy of current research results and the interpretation thereof, since new information or new interpretation of existing information may result in changes in the Company's expectations. Forward looking information is based on several assumptions that may prove to be incorrect including but not limited to assumptions about:

- ability to obtain customer contracts and establish relationships;
- the impact of competition;
- the ability to obtain and maintain existing financing on acceptable terms;
- the ability to retain skilled management and staff;

- the ability to acquire a significant market position within a target market;
- currency, exchange, and interest rates;
- pricing and volatility risks of Cryptocurrency;
- the availability of financing opportunities;
- economic conditions;
- the retention of management, and avoidance of conflicts of interest; and
- the progress and success of product marketing.

The preceding list is not exhaustive of all possible factors. All factors should be considered carefully when making decisions with respect to the Company.

Readers should not place undue reliance on the Company's forward-looking information, as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking information if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that such forward-looking information will materialize. The Company does not undertake to update any forward-looking information, except as, and to the extent required by, applicable securities laws. For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking information in this Interim MD&A, see "Bitcoin and Cybersecurity Risks" and "Other Risks and Uncertainties".

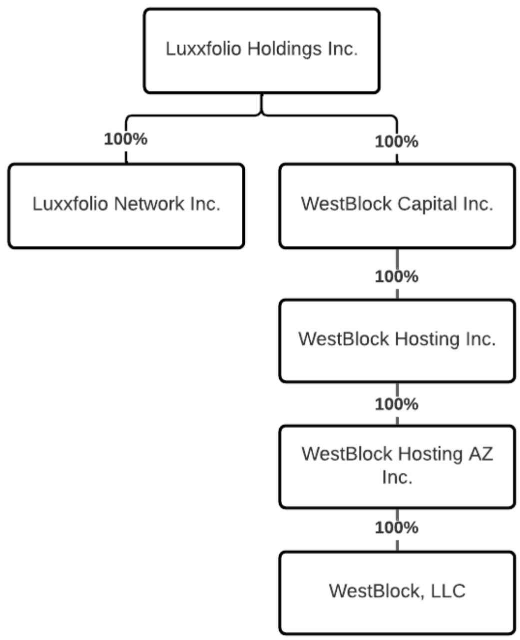
While the Company considers these assumptions may be reasonable based on information currently available to it, these assumptions may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in sections titled "Bitcoin and Cybersecurity Risks" and "Other Risks and Uncertainties".

DESCRIPTION OF BUSINESS

The Company, based in Vancouver, was incorporated under the Business Corporations Act (British Columbia) on October 10, 2017. The Company's head and registered office is located at 212 - 1080 Mainland Street, Vancouver, BC, Canada, V6B 2T4. The Company's corporate website address is www.luxxfolio.com.

The Company is listed on the CSE under the trading symbol "LUXX" as well as on the OTCQB under "LUXFF", the Frankfurt Stock Exchange under the symbol "LUH", and on the Börse Berlin under the symbol "LUH".

The Company's business is that of its wholly owned subsidiaries, Luxxfolio Network Inc. ("LNI") and WestBlock Capital Inc. ("WestBlock"), both of which share the same head and registered office as the Company. The intercorporate relationships are shown in the organizational chart below.



WestBlock owns and manages an industrial scale Bitcoin mining operation in Shiprock, New Mexico, USA (the "New Mexico Facility") at which WestBlock manages and operates both LNI's Bitcoin miners as well as third party servers. Power, consumed in the Bitcoin mining process, is approximately 60% renewable and is supplied by the Navajo Tribal Utility Authority ("NTUA").

The recent volatility in crypto markets that began with the implosion of LUNA and UST at the beginning of May 2022 appears to be settling down. The rash of high and largely negative publicity concerning bankruptcy filings by a crypto lender Celsius, a crypto exchange Voyager and crypto fund Three Arrows Capital has destabilized much of crypto market, irrespective of the business focus of the individual market participants. Prior to this market implosion, Bitcoin had been trading in the $35,000 to $45,000 range for most of 2022 and even peaked above $48,000 per Bitcoin at the end of March 2022. The dramatic market correction since that date, taking Bitcoin to a cycle low of $17,500 per Bitcoin, is challenging many participants to quickly adjust their operations into sustainable business models for this new value reality.

(Expressed in US Dollars)

OVERALL PERFORMANCE

The Bitcoin mining sector has recently experienced a number of factors impacting mining economics. In the calendar year 2021, mining difficulty hit an all-time high just as mines were shut down in China with excess miners relocating globally. At the same time, access to properly stepped-down power remained limited. Going into calendar year 2022, mining difficulty has again tested the new all-time highs at 31.35 TH and it is anticipated new generation miners added to the network will continue to move difficulty higher.

The Company achieved gross revenues of $2,695,617 or 70.68 BTC during the nine months ended May 31, 2022 from its Bitcoin mining operation. Hashrate increased from 139 petahash per second ("PH/s") at the beginning of the fiscal quarter to 180 PH/s at May 31, 2022.

As the date of this Interim MD&A, the Company has:

- Extended its business operation to immersion as a strategy to develop steady monthly revenues while earning Bitcoin from the over-clocking of Bitcoin miners;
- Completed final installation and energizing of the immersion technology in New Mexico;
- Closed the sale of 970 Bitmain miners for $3.5 million and entered a two-year immersion hosting contract with a third party;
- Partially repaid existing debt facilities with NYDIG from the proceeds of the miner sale;
- Repaid early and without penalty the outstanding miner debt obligations of $415,036 CAD with CHP Agent Services Inc., a related party;
- Agreed to a sale transaction of 590 Avalon miners for total proceeds of $450,000.
- Successfully raised $2 million CAD of equity funding through a private placement from a single strategic investor for general working capital.

Most of these recent activities have been taken to reposition operations to better respond to the continuing difficult market conditions, the macro impact of inflation and supply chain inefficiencies. The newly added focus on immersion mining differentiates Luxxfolio while de-risking the platform from the market pricing volatility.

Monthly Performance

	Operating level	**Rewards**			**Reserve at month end**	
Month	PH/s at month end	BTC	ETH	Total revenues	BTC	ETH
Mar 2022	139	20.07	6.89	$862,772	65.3	20.7
Apr 2022	180	25.39	5.84	$1,069,107	60.7	26.5
May 2022	180	25.22	5.89	$814,593	52.3	1.0

Bitcoin Miners

At the date of this Interim MD&A, the Company has Bitcoin miners scheduled for calendar quarterly delivery as follows:

- Q3 2022: 300 Miners

Security of Digital Assets

Security of the Digital Assets is critical to the protection of Company assets. To this end, the Company engaged Anchorage Digital Bank NA as custodian to hold in multiple vaults the various Bitcoin, Ethereum, and Filecoin pools of the Company. Anchorage is a US federally regulated digital asset bank with SOC I compliance registration.

Acquisition of Ethereum Mining Assets

The Company entered into an asset purchase agreement ("Purchase Agreement") with Blackcloud Crypto Investments to acquire 88 Ethereum miners located in Alberta, Canada, 52 Ethereum coins and portable hosting containers in exchange for 500,003 common shares of the Company at a deemed share price of $0.38 CAD per share for a total aggregate consideration of $190,001 CAD. The acquisition closed on November 25, 2021.

Immersion Cooling System

One of the challenging factors of Bitcoin mining in New Mexico is the heat during the summer months. To optimize the efficiency of the Bitcoin miners, the Company purchased immersion technology from CES Intelliflex ("CES") and paid a deposit of $1,509,905 against a total purchase price of $2,627,240 in December 2021. The immersion equipment was delivered to the New Mexico Facility in July 2022.

Private Placement

On June 9, 2022 the Company announced that BIGG Digital Assets Inc. had made a strategic investment in the amount of $2,000,000 CAD in exchange for the issuance of 12.5 million common shares at $0.16 CAD per share and 12.5 million warrants for the purchase of common shares with a term of two years and an exercise price of $0.21 CAD per share. The terms further provide for an acceleration of the warrant conversion should the Company's common shares closing price on the Canadian Securities Exchange be equal to or greater than $0.50 CAD per share for twenty consecutive days on a weighted average basis.

Disposition of Bitcoin miners

On July 15, 2022, the Company announced the sale of 970 Bitmain miners and a related immersion mining agreement with the purchaser. Proceeds from the sale amounted to $3.5 million (see "Liquidity and Capital Resources"). The Company agreed on July 27, 2022 to sell an additional 590 Avalon miners for proceeds of $450,000 of which $310,000 has been paid as at the date of this Interim MD&A, with the balance due on delivery of the miners.

Diversification into Filecoin Mining

The Company, having completed the research into Filecoin has discontinued its Filecoin mining operations. Of key concern to management were the uncertainty of the future token economics and the length of time required to commercialize the storage offering. Ultimately, we continue to believe Filecoin will be a leader in decentralized storage, however, recent challenges in the broader crypto industry have extended time horizons and marginalized the return potential.

The Company's objectives over the next 12 months include (i) expanding its Bitcoin immersion mining at the New Mexico Facility, and (ii) securing additional power supply opportunities to expand the Company's current footprint in immersion mining.

DISCUSSION OF OPERATIONS

Acquisition of WestBlock Capital Inc.

On June 14, 2021, the Company completed the acquisition of WestBlock, whereby WestBlock became a wholly owned subsidiary of the Company. WestBlock was an important milestone for the Company as WestBlock provided the infrastructure and secured power supply that can be expanded to meet the growth needs of the Company.

WestBlock operates a digital asset mining facility at its New Mexico location, at which it manages both Company owned Bitcoin miners as well as third party servers.

The New Mexico Facility was developed jointly by WestBlock and the NTUA through a partnership with interests of 49% and 51% respectively. Prior to the closing of the WestBlock acquisition, the 51% NTUA interest was acquired by WestBlock, giving it a 100% ownership interest in the facility. As a result of the acquisition, the Company assumed a debt obligation amounting to $869,000 in connection to this purchase.

Expansion of the New Mexico Facility

In April 2022, the Company completed the expansion of its New Mexico facility raising total capacity to 15 megawatts ("MW") at a cost of $1,700,000. In July 2022, with the installation of immersion technology, effective capacity has been further increased through the ability to over-clock miner output by as much as 50% owing to consistently cooler operating temperatures resulting in significant output gains.

Senior Debt Facility

On December 1, 2021, the Company, through its wholly owned subsidiary WestBlock, entered into a Senior Debt facility with CHP Agent Services Inc., a related party controlled by Kelly Klatik, a director of the Company and Dean Linden, a director of LNI and WestBlock. The facility was primarily established to finance the cash portion of the Immersion Cooling System equipment purchase announced on November 25, 2021 and may also be used to acquire Bitcoin mining servers and equipment.

The facility carries the following terms:

- Available loan proceeds established at $3 million CAD, but may be expanded to $5 million CAD if agreed by both parties;
- The facility term is 24 months following the closing date;
- Security provided by WestBlock and its subsidiaries consisted of a general security agreement on all WestBlock operations and a first charge on cryptocurrency mining equipment and cryptocurrency units; and
- A variable interest rate between 16% and 13% that decreases as the total collateral coverage increases in relation to the total debt outstanding.

Public Equity Issue-Bought Deal

On December 7, 2021, the Company closed its previously announced and oversubscribed public offering of units of the Company. The underwriters exercised their option to purchase 600,000 units of the overallotment option, and as a result, the Company issued a total of 13.6 million units at a price of $0.70 CAD per unit and 350,000 additional common share purchase warrants for gross proceeds of $9.534 million CAD. Each unit consisted of one common share and one-half warrant. Each whole warrant is exercisable to acquire one common share at an exercise price of $1.00 CAD until December 7, 2023.

Performance Warrants

On December 7, 2021, in connection with the closing of the public equity issue, the Financing Condition governing the exercise of the 2.5 million Performance Warrants issued at the date of the WestBlock Acquisition has been met and these warrants can now be exercised by the holders. The Performance Warrants are exercisable at $ 0.40 CAD in the first 12 months of the closing date, and $0.50 CAD in the second 12 months of the closing date.

Bitcoin Miners

On December 16, 2021, the Company confirmed the order of 500 S19J Pro Bitcoin miners at a cost of $3.02 million to be satisfied by a combination of working capital and an asset backed facility ("ABL IV") provided by NYDIG ABL LLC. ABL IV carries an interest rate of 15% and a term of 26 months with interest only payments for the initial four months. Security for the ABL IV consists of a first priority charge on the related Bitcoin Miners and any Bitcoin and related assets generated from the use of the Bitcoin Miners.

(Expressed in US Dollars)

Stock Option Issuance

On January 20, 2022, the Company granted 2,078,000 of stock options to directors, officers, employees, and consultants of the Company. The stock options are exercisable for a term of five years from the date of the grant at an exercise price of $0.45 CAD per common share. The stock options vest over a 24-month period, at a rate of 25% after each 6-month period. A total of 1,795,500 of the 2,078,000 stock options were granted to related parties.

Executive Appointments

On June 14, 2022, the Company announced that as part of its corporate realignment and efforts to reduce overheads, Mr. Kelly Klatik would step down from his paid position as Executive Chairman and remain a Director of the Company.

ANALYSIS OF FINANCIAL PERFORMANCE

	For the three months ended May 31, 2022	For the three months ended May 31, 2021	For the nine months ended May 31, 2022	For the nine months ended May 31, 2021
Total revenues	$ 2,899,225	$ nil	$ 9,372,129	$ nil
Operating expenses				
Advertising	-	-	27,454	-
Consulting	75,169	141,171	685,788	151,295
Depreciation	1,869,693	-	4,011,751	-
Electricity	626,206	-	1,537,422	-
General and administration	125,201	152,747	555,869	160,072
Interest	495,824	34,816	1,366,016	54,812
Insurance	59,927	-	119,577	-
Compensation	269,487	-	643,042	-
Management	33,381	60,000	132,240	64,500
Professional	20,517	1,009	318,588	5,445
Rent	15,288	8,000	49,533	11,000
Supplies and maintenance	49,502	-	201,892	-
Total operating expenses	3,640,195	397,743	9,649,172	447,124
Total other expenses	1,441,021	189,603	2,441,339	213,213
Net income (loss)	**$ (2,181,991)**	**$ (587,346)**	**$ (2,718,382)**	**$ (660,337)**

For the three months ended May 31, 2022 vs. May 31, 2021

The Company had a net loss of $2,181,991 for the three months ended May 31, 2022 compared to a net loss of $587,346 for the comparable period in 2021. The Company generated $2,746,473 (2021 - $nil) in revenue from its Bitcoin and Ethereum mining operation and $152,752 (2021 - $nil) from hosting services.

The Company realized total operating expenses of $3,640,195 (2021 - $397,743) primarily associated with depreciation expense of $1,869,693 (2021 – $nil) relating to the amortization of the Bitcoin miners, loan interest of

(Expressed in US Dollars)

$495,824 (2021 - $34,816), electricity costs related to Bitcoin and Ethereum mining of $626,206 (2021 - $nil) and compensation expenses of $269,487 (2021 – $nil).

The Company realized total other expenses of $1,441,021 (2021 - $189,603) composed primarily of share-based payments of $249,789 (2021 – $186,228), realized losses on digital assets of $421,670 (2021-$nil), and unrealized losses on digital assets of $738,660 (2021 - $nil).

For the nine months ended May 31, 2022 vs. May 31, 2021

The Company had a net loss of $2,718,382 for the nine months ended May 31, 2022 compared to a net loss of $660,337 for the comparable period in 2021. The Company generated $8,913,587 (2021 - $nil) in revenue from its Bitcoin and Ethereum mining operation and $458,542 (2021 - $nil) from hosting services.

During the first three quarters, the Company realized total operating expenses of $9,649,172 (2021 - $447,124) primarily associated with depreciation expenses of $4,011,751 (2021 – $nil) relating to the amortization of the Bitcoin miners, loan interest of $1,366,016 (2021 - $54,812), electricity costs related to Bitcoin and Ethereum mining of $1,537,422 (2021 - $nil), consulting fees of $685,788 (2021 - $151,295) and general and administration expenses of $555,869 (2021 – $160,072).

Also, other expenses of $2,441,339 (2021 - $213,213) composed primarily of share-based payments of $925,547 (2021 – $206,464), realized losses on digital assets of $661,950 (2021 - $nil) and unrealized losses on digital assets of $765,346 (2021 - $nil).

ANALYSIS OF CASH FLOWS

		For the nine months ended May 31, 2022		For the nine months ended May 31, 2021
Net cash provided by (used in)				
Operating activities	$	2,619,350	$	(566,460)
Investing activities		(13,848,819)		(6,847,043)
Financing activities		11,107,246		7,719,323
Inflow (outflow) of cash	$	(122,223)	$	305,820

Operating Activities

The total cash provided by operating activities for the nine months ended May 31, 2022 amounted to $2,619,350 (2021 – ($566,460)). The cash provided by operating activities was attributed to proceeds from the sale of Bitcoin of $7,780,473 (2021 – $nil), decrease in prepaid expenses of $245,773 (2021 -$nil) and increase in accounts payable and accrued liabilities of $308,855 (2021 - $32,366).

During the nine months ended May 31, 2022, the cash used in operating activities was attributed to an increase in accounts receivable and GST receivable of $70,460 (2021 – $11,645).

Investing Activities

The total cash used in investing activities for the nine months ended May 31, 2022 amounted to $13,848,819 (2021 - $6,847,043) related to the purchase of mining equipment and cost of New Mexico site expansion of $6,243,407 (2021 - $nil) and deposits on additional Bitcoin miners and immersion cooling equipment of $7,605,412 (2021 - $6,847,043) (see “Discussion of Operations”).

Financing Activities

The total cash provided by financing activities for the nine months ended May 31, 2022 amounted to $11,107,246 (2021 - $7,719,323). The cash provided by financing activities primarily comprised of proceeds from the issuance of units of the Company through public offering of $6,824,023 (2021 - $nil) (see "Discussion of Operations"), proceeds from long-term debt of $7,943,662 (2021 - $6,064,526), and exercise of share purchase warrants of $813,222 (2021 - $82,387).

The long-term debt was provided CHP Agent Services Inc., a related party. The long-term debt proceeds were used for the purchase of additional Bitcoin miners and deposits for the immersion-cooling equipment.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company began generating revenue from operations in July 2021. The following is a breakdown of the material costs incurred for the nine months ended May 31, 2022 and 2021:

(a) General and administration expenses $555,869 (2021 – $160,072) - being costs associated with regulatory filing, travels, investor relations, shipping fees, and administration of the Company;

(b) Consulting fees - $685,788 (2021 - $151,295), being monthly engagement fees, key management compensation and consulting fees paid to various of officers, directors, and consultants of the company relating to strategic planning, operations, and administration of the Company. (see "Transactions with Related Party").

(c) Depreciation expenses - $4,011,751 (2021 - $nil), being the amortization of the Bitcoin miners, the mining equipment, and the New Mexico mining facility;

(d) Electricity expenses - $1,537,422 (2021 - $nil), being the monthly electricity charges paid to the NTUA incurred in the production of Bitcoin;

(e) Interest expenses - $1,366,016 (2021 – $54,812), being the monthly interest charges on the asset backed lending facilities provided by NYDIG ABL LLC and CHP Agent Services Inc., a related party;

(f) Insurance expenses - $119,577 (2021 - $nil), being costs associated with placing property insurance on the Bitcoin miners at the New Mexico facility;

(g) Compensation- $643,042 (2021 – $nil) – being the monthly salaries paid to the management and employees of the Company and contract fees paid for the provision of part-time workers at the New Mexico facility for installation of new Bitcoin miners received and regular maintenance of the site;

(h) Management fees - $132,240 (2021 - $64,500), being fees paid to Cypress Hills Partners Inc., a related party, for accounting, operational, and administrative functions;

(i) Professional fees - $318,588 (2021 - $5,445), being costs associated with the annual financial audit, legal fees incurred relating to the public offering of units of the Company and legal expenses incurred relating to compliance and due diligence on existing and potential transactions;

(j) Rent - $49,533 (2021 - $11,000), being the monthly head office rental and the monthly lease of the New Mexico mining site;

(k) Share-based payments - $925,547 (2021 - $206,464), being expenses relating to the grant of stock options recognized over a graded vesting schedule; and

(Expressed in US Dollars)

(l) Supplies and maintenance - $201,892 (2021 - $nil), being expenses relating to the general maintenance of the New Mexico facilities including repair of faulty Bitcoin miners, optimizing space for cooling, and scheduled maintenance of mining equipment.

SEGMENT ANALYSIS

The Company currently has a single operating line of business, Bitcoin mining, which is conducted at its mining facilities in New Mexico, USA. Company management, administration and development functions are carried out in British Columbia and Alberta, Canada. The following table segments the relevant financial results by geographic territory:

For the nine months ended May 31, 2022	***Canada***	***USA***	***Consolidated***
Total revenue	**$nil**	**$9,372,129**	**$9,372,129**
Operating expenses	1,824,819	7,824,353	9,649,172
Other expenses	925,806	1,515,533	2,441,339
Net income (loss)	**($2,750,625)**	**$32,243**	**($2,718,382)**
As at May 31, 2022			
Current assets	261,889	1,734,568	1,996,457
Non-current assets	4,419,142	22,261,620	26,680,762
Total assets	**$4,681,031**	**$23,996,188**	**$28,677,219**
Current liabilities	334,870	8,117,410	8,452,280
Non-current liabilities	-	4,948,976	4,948,976
Total liabilities	**$334,870**	**$13,066,386**	**$13,401,256**

LIQUIDITY AND CAPITAL RESOURCES

The Company manages its capital to maintain its ability to continue as a going concern, with a long-term view of providing returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash, cash equivalents, including Bitcoin, long-term debts, and equity comprised of issued common shares, special warrants, share purchase warrant reserves and deficit. The Company manages its capital structure and adjusts it considering economic conditions and financial needs. Upon approval from its Board, the Company will balance its overall capital structure through issuance of securities or by undertaking other activities as deemed appropriate under the specific circumstances.

Working Capital

On May 31, 2022, the Company had a working capital deficiency of $6,455,823 compared to the $2,848,600 deficiency that existed on August 31, 2021. The increase in working capital deficiency during the nine months ended May 31, 2022 is primarily attributed to an increase in accounts payable and accrued liabilities of $308,855, a decrease in cash holdings of $122,223, a decrease in prepaid expenses of $245,773, an increase in short-term debt of $715,622 and an increase in the current portion of long-term debt of $2,518,089.

Asset backed lending structures

On May 27, 2021, the Company committed to purchase 2,400 S19J Pro Bitcoin miners at a total purchase price of $17.02 million. The purchase was satisfied through a combination of cash and asset backed lending structures (“ABL II” and “ABL III”) provided by NYDIG. On December 16, 2021, the Company committed to purchase 500 S19J Pro Bitcoin miners at a cost of $3.02 million to be satisfied by a combination of working capital and an asset backed facility (“ABL IV”) provided by NYDIG.

(Expressed in US Dollars)

The terms and outstanding amounts of the asset backed lending facilities provided by NYDIG as at May 31, 2022 are as follows:

	ABL I	ABL II	ABL III	ABL IV
Total debt facility	$880,575	$11,065,470	$1,243,425	$1,750,000
Amounts outstanding	$130,821	$8,114,670	$203,078	$1,676,609
Interest rate	16%	15%	16%	15%
Duration	19 months	30 months	14 months	26 months
Payment period	Monthly	Monthly	Monthly	Monthly
FY2022 principal reduction	$130,821	$1,310,377	$203,078	$225,722
FY2023 principal reduction	$nil	$5,758,323	$nil	$991,913
FY2024 principal reduction	$nil	$1,045,970	$nil	$458,974

Debt Repayments

On June 30, 2022, the Company repaid the remaining debts under ABL I and III related to the Canaan Avalon miners. These repayments amounted to $415,035 CAD, and were paid to CHP Agent Services Inc., a related company controlled by a Director of the Company, at the direction of NYDIG (See "Related Party Transactions").

Debt repayments were also announced by The Company on July 15, 2022 that it had entered into a miner sale and two year hosting agreement whereby the Company sold 970 Bitmain miners for proceeds of $3.5 million, $3.2 million of which has been used to repay related debt obligations under ABL II and IV previously mentioned. As part of the sale, the Company will continue to host the miners under a two-year immersion mining agreement which provides the Company with steady and predictable revenue streams from hosting fees, as well as continued participation in Bitcoin mining through the overclocking enabled by the immersion technology.

Requirement of Additional Debt and Equity Financing

The Company has relied on debt and equity financings for all funds raised to date for their operations. The Company will need additional funds in the future to expand its business and to meet its monthly debt payments. There is no certainty that debt or equity financings will be available at the times and in the amounts required to fund the Company's activities. The audited financial statements do not include any adjustments that might result from these uncertainties.

No dividends have been paid by the Company to date. The Company anticipates that, for the foreseeable future, it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Board after considering many factors, including the Company's financial condition and current and anticipated cash needs. The Company is not subject to any externally imposed capital requirement as at the date of this Interim MD&A.

RELATED PARTY TRANSACTIONS

During the nine months ended May 31, 2022, the Company entered into the following transactions with related parties:

a) paid management fees of $132,240 (2021 - $50,510) and rental fees of $21,533 (2021 - $8,614) to a company controlled by Kelly Klatik, a director of the Company, and Dean Linden, a director of LNI and WestBlock, for accounting and administrative functions, operational management of the Company, and the Company's head office lease;

b) paid compensation and consulting expenses of $515,572 (2021 - $27,452) for contracts with the directors and management of the Company;

(Expressed in US Dollars)

c) The following transactions are associated with the Company's borrowings with related party:

Related party	Controlled by
CHP Agent Services Inc.	Kelly Klatik, Director of the Company; Dean Linden, Director of LNI and WestBlock
CHP Capital Inc.	Kelly Klatik, Director of the Company; Dean Linden, Director of LNI and WestBlock
InHand Financial Inc.	Kelly Klatik, Director of the Company; Dean Linden, Director of LNI and WestBlock

i. On December 24, 2020, the Company placed an order for 590 Avalon miners at a total purchase price of $1,174,100. The purchase price was satisfied through a combination of cash and an asset backed lending structure (the "ABL I") provided by NYDIG. Subsequent to the structuring of the ABL transaction, CHP Agent Services Inc. entered into an agreement to acquire a 100% participation interest in ABL I amounting to $880,575. During the nine months ended May 31, 2022, the company paid $51,455 (2021 - $42,923) in interest expenses relating to ABL I;

ii. On May 27, 2021, the Company placed an order for 2,400 Bitmain miners at a total purchase price of $17,023,800. The purchase price will be satisfied through a combination of cash and asset backed lending structures ("ABL II" and "ABL III") provided by NYDIG. Subsequent to the structuring of asset backed lending transactions, CHP Agent Services Inc. entered into an agreement to acquire a 100% participation interest in ABL III. During the nine months ended May 31, 2022, the company paid $79,258 (2021 - $nil) in interest expenses relating to ABL III;

iii. On June 14, 2021, the Company has assumed debt amounting to $869,000 as a result of the acquisition of WestBlock. 50% of the $869,000 loan ("CAS – Facility I") was provided by CHP Agent Services Inc. On July 29, 2021, the Company placed an order for 100 S19j Pro Bitcoin miners at a total purchase price of $755,000. The purchase price will be satisfied through a combination of cash and asset backed loan of $377,500 ("CAS – Facility II") provided by CHP Agent Services Inc. On November 25, 2021, WestBlock finalized the order with CES Corporation on the Immersion-Cooling System at a purchase price of $2,353,240 of which $1,942,200 will be paid in cash and $410,040 will be paid by the issuance of 612,000 common shares of the Company at a deemed price of $0.83 CAD per share. The cash portion will be satisfied through an asset backed loan facility ("CAS – Facility III") provided by CHP Agent Services Inc.

   On December 1, 2021, the Company, through its wholly owned subsidiary WestBlock, entered into a senior debt facility (the "Senior Debt Facility") with CHP Agent Services Inc. The Senior Debt Facility replaced the existing CAS - Facility I, CAS - Facility II, and CAS - Facility III. During the nine months ended May 31, 2022, the company paid a total of $206,677 (2021 -$nil) in interest expenses relating to the Senior Debt Facility. This amount includes the interests paid to CAS - Facility I, CAS - Facility II, and CAS - Facility III prior to the restructuring of the debt facilities. The facility may also be used to acquire additional Bitcoin mining servers and equipment;

iv. During the nine months ended May 31, 2022, the Company had drawn $500,000 CAD from a line of credit facility provided by CHP Capital Inc. The Company paid interest amounting to $13,104 (2021 - $nil) and repaid, in full, all amounts owed under the line of credit; and

v. During the nine months ended May 31, 2022, the Company financed its property insurance of $59,546 through InHand Financial Inc. and paid $2,738 (2021 - $nil) for interest during the period.

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers and are included in the amounts described above. All related party transactions are in the normal course of operations and have been recorded at the fair values on the date they occur.

CONTROLS AND PRODCEDURES

In connection with National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim condensed consolidated financial statements and the accompanying Interim MD&A for the nine months ended May 31, 2022 and 2021.

CRYPTOCURRENCY AND CYBERSECURITY RISKS

Digital Asset Pricing Risk
Bitcoin pricing is affected by numerous factors including international supply and demand, interest rates, inflation or deflation, and global political and economic conditions. The profitability of the Company is directly related to the current and future pricing of Bitcoin. A decline in the market price of Bitcoin could have a negative impact on the Company`s future operations and financial results. In addition, a lack of market liquidity could limit the Company`s ability to sell Bitcoin on a timely basis and at acceptable pricing levels.

Risk of Security Breaches
Breaches in network security, computer malfeasance and hacking are continuing concerns in the Bitcoin Exchange markets. Typically, security breaches result in unauthorized access, from internal or external sources, to information, systems, and control, to cause intentional damage and disruption of data transactions, hardware and related technologies which could result in unquantifiable loss to the Company's business operations and loss of assets.

Technology Security
Constantly changing technology used in the Bitcoin Network, Bitcoin mining and Blockchain Networks continually introduces opportunities for malicious actors to breach security protocols and potentially damage, steal or control Company assets.

Bitcoin Halving Risk
Bitcoin halving, which occurs every four years, is an event that triggers a 50% reduction in the Bitcoin revenue earned by the Bitcoin miners for every transaction verified by the miner. The reward, currently 6.25 Bitcoin per block, will halve again in 2024. Each halving event has historically resulted in a reduction in network difficulty rates that have corresponded to the reduction in the reward. This, however, cannot be assured or even forecast, and as such, represents a risk to the profitability of Bitcoin mining and the Company's ability to continue as a going concern.

Bitcoin Pricing Volatility Risk
The wide fluctuation of Bitcoin pricing creates a risk to the earnings capability and Bitcoin asset valuations that could be material to the results of operations and financial position of the Company.

Bitcoin Market Adoption
Currently, there is relatively small use of Bitcoin in the retail and commercial marketplace in comparison to the relatively larger use by speculators and investors. This uneven growth will contribute to volatility in pricing and could adversely affect an investment in the Company's shares. Further, if fees increase for recording transactions on the Bitcoin Blockchain, demand for Bitcoin may be reduced and contribute to slowing growth of the Bitcoin Network to retail and commercial enterprises resulting in market limitations and associated Bitcoin demand and valuation challenges.

Continuity of Power Supply
Bitcoin mining consumes large amounts of electrical power and as such, the Company is dependent on NTUA for the continual supply of power at rates that make Bitcoin mining operations efficient and profitable. Disruption in the power supply will have immediate financial consequences to the Company, and if prolonged, result in material losses in Bitcoin earnings, and additional expenses that may be incurred to replace or rectify the power supply.

The current Power Supply Agreement (PSA) with NTUA expires on December 31, 2022. While the Company has commenced negotiations with NTUA on renewing the PSA, there can be no assurance that the negotiations will be resolved in a commercially satisfactory manner.

Bitcoin Miner Obsolescence and Replacement
Technical advances in the efficiency of Bitcoin miners are being made on a continual basis and periodic introductions of new advanced miners can quickly obsolete the Company's existing miners in terms of efficiency and performance, relative to other industry Bitcoin miners. This could result in a reduction in Bitcoin rewards earned and ultimate profitability. Replacement of obsolete miners, or replacement of defective machines, cannot be assured due to competitive market conditions and uncertain pricing.

OTHER RISKS AND UNCERTAINTIES

Credit risk
Credit risk refers to the potential that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company manages credit risk by placing its cash balances at a recognized Canadian and US financial institutions.

Digital assets are held in the custody of Anchorage Digital Bank NA, a US federal chartered digital asset bank and registered custodian. The Company does not self-custody any of its Bitcoin assets.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk on an ongoing basis in accordance with policies and procedures in place. Cash flow projections are completed and reviewed on a regular basis to ensure the Company has sufficient cash flows to meet its financial obligations. The Company is exposed to liquidity risk in respect of its accounts payable, accrued liabilities and debt obligations.

Limited Operating History
The Company was recently commenced full operations at its Bitcoin mining facility and has no previous operating history. The Company and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development, particularly companies in new and rapidly evolving markets such as Bitcoin mining and blockchain technology. There is no certainty that the Company will attain its business objectives or operate profitably on a sustainable basis.

Profits to Date
The Company has three quarters of profitability since its incorporation. The Company's continued future profitability depends upon its success in developing and managing its digital currency mining operations, and the extent to which these are able to generate significant revenues.

Additional Requirements for Capital
Substantial additional financing may be required if the Company is to successfully develop and scale its business. No assurances can be given that the Company will be able to raise the additional capital that it may require for its

anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

Debt Facilities and Collateral
In the expansion of the Company`s Bitcoin mining business, it has incurred debt obligations, including the asset backed lending facilities (ABL I, II, III and IV), and Senior Debt Facility. Where the Company to default on its payment obligations under the terms of these facilities, the Company could lose possession of its Bitcoin miners and related infrastructure, rendering significant damage to the Company ability to carry on operations.

Regulatory Risks
Changes in or more aggressive enforcement of laws and regulations could adversely impact the Company's business. Failure or delays in obtaining necessary approvals could have a materially adverse effect on the Company's financial condition and results of operations. Furthermore, changes in government, regulations and policies and practices could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition. Regulatory agencies could shut down or restrict the use of Bitcoin and the mining of Bitcoin. This could lead to a loss of any investment made in the Company and may trigger regulatory action by the authorities.

Key Personnel
The future success of the Company will depend, in large part, upon its ability to retain its key management personnel and to attract and retain additional qualified marketing, sales and operational personnel to form part of its technical and customer services team. The Company may not be able to enlist, train, retain, motivate, and manage the required personnel. Competition for these types of personnel is intense. Failure to attract and retain personnel, could make it difficult for the Company to manage its business and meet its objectives.

Failure to manage growth successfully may adversely impact the Company's operating results. The growth of the Company's operations places a strain on managerial, financial, and human resources. The Company's ability to manage future growth will depend in large part upon several factors, including the ability to rapidly:

- hire and train development, sales, and marketing staff to create an expanding presence in the evolving marketplace for the Company's products;
- attract and retain qualified technical personnel in order to administer technical support required for the Company`s Bitcoin mining operations; and
- expand internal management and financial controls significantly, so that control can be maintained over operations as the number of personnel and size of the Company increases.

Inability to achieve any of these objectives could harm the business and operating results of the Company.

Litigation
The Company may become involved in litigation that may materially adversely affect either company or both companies. From time to time in the ordinary course of the Company's business, it may become involved in various legal proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results, or financial condition.

Conflicts of interest
The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his or her

interest and abstain from voting on such matter. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA.

To the best of the Company's knowledge, and other than disclosed herein and in the Company`s annual audited financial statements, there are no known existing or potential conflicts of interest between the Company and its directors and officers except that certain of the directors and officers may serve as directors and/or officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash and equivalents) that are denominated in a currency other than United States dollars, the functional currency of the Company. Management does not hedge its foreign currency risk exposures.

COVID-19

The outbreak of COVID-19 has spread globally causing companies and various jurisdictions, including Canada and the United States of America, to impose restrictions, such as quarantines, closures, cancellations, and travel restrictions. While these effects are expected to be temporary, the duration of the business disruptions domestically and internationally and related financial impact cannot be reasonably estimated at this time. At this point, the extent to which COVID-19 may impact our results and business is uncertain, however, it is possible that our future consolidated results may be negatively impacted by this event. The extent of any impact, will depend on future developments, including actions taken to contain COVID-19 and its variants.

Other Information

Additional information regarding the Company is available on SEDAR at www.sedar.com.